

TOWN OF GRACEMONT

June 30, 2014

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Gracemont
Gracemont, Oklahoma

Trustees of the Gracemont Public Works Authority
Gracemont, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Gracemont and Public Trust, Gracemont, Oklahoma as of June 30, 2014 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Gracemont Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2014. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified cash basis and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and the requirements of Oklahoma Statutes and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town and Public Works Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2014.

Management of the Town of Gracemont is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

As to the **Town of Gracemont** as of and for the fiscal year ended June 30, 2014:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Condition: Expenditures exceeded total appropriations in three funds. In two other fund appropriations were exceeded at the legal level of control for the year ended June 30, 2014.

- ✚ In the Police 10% Fund, the maintenance & operations budget was overspent by \$344. The total budget was overspent the same.
- ✚ In the Park Fund, the maintenance & operations budget was overspent by \$39. The total budget was overspent by the same.
- ✚ In the Municipal Fund, the maintenance & operations budget was overspent by \$2,082. The total budget was overspent by the same.

Cause: The Town failed to notice these funds and their individual budget categories were overspent and submit a budget supplement to correct the errors.

Criteria: Per state statutes the Town is not allowed to spend more than its appropriations. Amendments or supplements to their appropriations must be filed when the Town knows it will be over its beginning budget amounts.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements for revenue received in special funds or transfers between funds must also be approved by the County Excise Board.

Management's Corrective Action Plan: Town Clerk was unaware that the Town's budgets were overspent as much as they were and will make efforts to monitor the budget more closely and make amendments to the budgets as needed.

3. **Procedures Performed:** We agreed the Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No exceptions were found as a result of applying the procedure.

4. **Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No exceptions were found as a result of applying the procedure.

5. **Procedures Performed:** We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

6. **Procedures Performed:** We compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

7. **Procedures Performed:** We compared the Town's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

As to the **Gracemont Public Works Authority**, as of and for the fiscal year ended June 30, 2014:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** We agreed the Authority's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No exceptions were found as a result of applying the procedure.

3. **Procedures Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No exceptions were found as a result of applying the procedure.

4. **Procedures Performed:** We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Condition: The Authority is not always updating their Meter Depositor register when deposits and refunds are made. This caused the totals on the report to be inaccurate and there is no way to determine that the Authority is in compliance with the requirement that they have enough money on hand to cover all depositors.

Cause: The utility clerk is not entering all deposits and refunds into the Meter Deposit Program nor reconciling the program to the bank statements.

Criteria: Per state statutes the Authority is required to maintain enough money in a separate fund to cover all recorded depositors.

Recommendation: The Authority needs to review all feasible records as far back as possible and update the Meter Deposit Programs list of depositors to ensure the balances in the program are as accurate as possible. The Authority also needs to print a depositors report monthly and reconcile it to the detail ledger and bank statement.

Management's Corrective Action Plan: Town Clerk will review records to ensure the depositor list is as accurate as possible.

5. **Procedures Performed:** We compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

6. **Procedures Performed:** We compared the Authority's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

As to the **Town of Gracemont and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2014:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

Angel, Johnston + Blasingame, P.C.

Angel, Johnston and Blasingame, P.C.
November 18, 2014

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2014
(Unaudited)

	<u>Beginning of Year Fund Balance</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
TOWN:				
General Fund	\$ 20,227	\$ 155,748	\$ 122,078	\$ 53,897
Street & Alley Fund	4,599	3,300	2,475	5,424
Fire Department Fund	52,539	32,006	27,091	57,454
Park Fund	101	151	140	113
Municipal Court Fund	967	3,125	3,049	1,044
Grant Fund	101	400	-	501
Police Fund	1,451	2,953	1,795	2,609
Town Subtotal	<u>79,985</u>	<u>197,684</u>	<u>156,628</u>	<u>121,042</u>
PUBLIC TRUST:				
GPWA Operating Fund	13,523	125,915	123,876	15,562
GPWA Meter Deposit Fund	602	60	-	662
GPWA Reserve Fund	1,583	8,293	-	9,876
Public Trust Subtotal	<u>15,708</u>	<u>134,267</u>	<u>123,876</u>	<u>26,099</u>
Overall Totals	\$ <u>95,693</u>	\$ <u>331,952</u>	\$ <u>280,504</u>	\$ <u>147,141</u>

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND
For the Fiscal Year Ended June 30, 2014
(Unaudited)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Beginning Budgetary Fund Balance:	\$ 20,227	\$ 20,227	\$ 20,227	\$ -
Charges for Services:				
Permit fees	283	283	1,160	877
Total Charges for Services	283	283	1,160	877
Intergovernmental-Local:				
Franchise tax	6,492	6,492	6,925	433
Police Fines	9,983	9,983	26,580	16,597
Total Intergovernmental-Local	16,475	16,475	33,504	17,030
Intergovernmental-State:				
Sales tax	40,032	40,032	46,898	6,866
Use tax	9,611	9,611	6,380	(3,231)
Alcohol beverage tax	2,526	2,526	2,920	393
Tobacco tax	697	697	660	(37)
Total Intergovernmental-State	52,865	52,865	56,857	3,992
Intergovernmental-State:				
Federal Grants	-	-	-	-
Total Intergovernmental-State	-	-	-	-
Miscellaneous Revenue:				
Interest	103	103	241	139
Donation	-	-	492	492
Reimbursements	-	-	20,464	20,464
Marquee/Copy Revenue	231	231	345	114
Miscellaneous	-	-	24	24
Total Miscellaneous Revenue	334	334	21,566	21,232
Non-Revenue Receipts:				
Transfers from other funds	38,310	38,310	42,661	4,351
Amounts available for appropriation	128,493	128,493	175,975	47,482
Charges to Appropriations:				
Personal Services	78,000	78,000	89,357	(11,357)
Maintenance & Operations	48,993	48,993	32,422	16,572
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Other	126,993	126,993	121,778	5,215
Other Financing Uses:				
Transfers to other funds	1,500	1,500	300	1,200
Total Charges to Appropriations	128,493	128,493	122,078	6,415
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 53,897	\$ 53,897

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT FUND
For the Fiscal Year Ended June 30, 2014
(Unaudited)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Beginning Budgetary Fund Balance:	\$ 52,539	\$ 52,539	\$ 52,539	\$ -
Revenues	-	-	32,006	32,006
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	52,539	52,539	84,545	32,006
Charges to Appropriations:				
Personal Services	1,000	1,000	1,873	(873)
Maintenance & Operations	51,539	51,539	20,979	30,560
Capital Outlay	-	-	4,238	(4,238)
Debt Service	-	-	-	-
Total Other	52,539	52,539	27,091	25,449
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	52,539	52,539	27,091	25,449
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 57,455	\$ 57,455

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
GRACEMONT PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Operating Revenues:

Charges for services:

Utility Revenues

\$ 125,342

Total Operating Revenue

125,342**Operating Expenses:**

Personal Services

-

Maintenance & Operations

81,216

Other

-

Total Operating Expenses

81,216

Operating Income (Loss)

44,127**Non-Operating Revenues (Expenses):**

Investment income

194

Rent

300

Insurance Reimbursements

8,280

Miscellaneous Revenue

151

Grants

-

Sale of Assets

-

Capital outlay

-

Total Non-Operating Revenues (Expenses)

8,925**Net Income (Loss) Before Contributions and Transfers**

53,052

Capital contributions

-

Transfers in

-

Transfers out

(42,661)**Changes in Fund Balance**

10,391

Fund Balance - beginning15,709**Fund Balance - ending**\$ 26,100

TOWN OF GRACEMONT AND PUBLIC TRUST
Gracemont, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2014
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
OK Department of Agriculture Fire Operations Grant	4,474	-	-	-	4,474	4,474	-
Association of South Central Oklahoma REAP 14-2264	45,000	-	-	-	-	-	-
Town Subtotal	<u>49,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,474</u>	<u>4,474</u>	<u>-</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma REAP Gracemont-12	45,000	40,797	40,797	-	-	-	-
OK Department of Agriculture Water and Waste System Grant	106,000	-	-	-	-	-	-
PWA Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Totals	<u>\$ 49,474</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,474</u>	<u>\$ 4,474</u>	<u>\$ 0</u>